

Message Text

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PAGE 01 REYKJA 00644 061816Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PM-04 H-02 L-03 NSC-05
PA-02 PRS-01 SP-02 SS-15 USIA-15 IO-13 /094 W
-----070759Z 053732 /16

R 061658Z MAY 77
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 7280
INFO COMICEDEFOR
CINCLANT
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

UNCLAS REYKJAVIK 0644

E.O. 11652: N/A
TAGS: ELAB, IC
SUBJECT: NO PROGRESS IN LABOR TALKS; IFL SCHEDULES DECISION ON
STRIKE

REF: REYKJAVIK 597 (291629Z APR 77)

1. DESPITE SOME OPTIMISM WEEK AGO (REFTEL, LABOR-MANAGEMENT NEGOTIATIONS HAVE PRODUCED NO NEW SIGNS OF PROGRESS.
2. EMPLOYERS YESTERDAY OFFERED FOR FIRST TIME COMPREHENSIVE SETTLEMENT PACKAGE WHICH LABOR QUICKLY REJECTED. PLAN CALLED FOR IMMEDIATE ACROSS-THE-BOARD MONTHLYPAY INCREASE OF 4500 KRONUR (\$44.22) PLUS TWO LATER HIKE OF 2500 KRONUR EACH. WAGES WOULD AGAIN BE TIED TO COST-OF-LIVING INDEX THOUGH NOT AS CLOSELY AS LABOR DEMANDS. PROPOSED CONTRACT WOULD RUN TWO YEARS.
3. ICELANDIC FEDERATION OF LABOR, WHOSE PRESIDENT DESCRIBED EMPLOYERS' OFFER AS "COMPLETELY UNACCEPTABLE,"

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CONTINUES TO INSIST ON MONTHLY MINIMUM WAGE OF 100,000 KRONUR (MEANING 30,000 KRONUR IMMEDIATE INCREASE IN LOWEST BRACKET). IFL NEGOTIATORS AND SO-CALLED BACK-STOPPING COMMITTEE WILL MEET MAY 7 TO DECIDE WHETHER TO SET DATE FOR GENERAL STRIKE.

4. IF STRIKE IS SCHEDULED, WHETHER OR NOT IT MATERI-

ALIZES, IT WILL BE INDICATION THAT LABOR-MANAGEMENT IMPASSE HAS REACHED CRITICAL STAGE. THIS WILL PROBABLY MEAN THAT GOVERNMENT, WHICH HAS THUS FAR LIMITED ITS DIRECT PARTICIPATION IN NEGOTIATIONS TO PROVIDING STATE MEDIATOR, WILL ASSUME GREATER ROLE. IN PAST, AT LEAST, THIS INVOLVEMENT HAS DRAWN PRIME MINISTER AND OTHER TOP OFFICIALS INTO BARGAINING PROCESS.

5. SINCE MONDAY, MOST IFL MEMBERS -- REPRESENTING HALF OF COUNTRY'S WORK FORCE -- HAVE HONORED PROHIBITION IMPOSED MAY 1 BY IFL ON OVERTIME WORK. THIS MEASURE, WHICH IFL DESCRIBES AS INDICATION OF ITS DETERMINATION IN CONTRACT TALKS, IS TAKING ITS TOLL ON ECONOMY, ESPECIALLY IN FISHING INDUSTRY WHICH DEPENDS HEAVILY ON OVERTIME LABOR. AT THE SAME TIME, LARGE NUMBER OF WAGE EARNERS WHO RELY ON EXTRA PAY TO MAKE ENDS MEET ARE ALSO FEELING PINCH AS RESULT OF BAN.

BLAKE

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